

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

ARA-06 EA-07 EUR-12 NEA-10 OIC-02 /133 W

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R 191147Z DEC 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 959

INFO AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN

C O N F I D E N T I A L MTN GENEVA 9394

E.O. 11652: GDS

TAGS: ETRD, GATT

SUBJECT: MTN: SOUTH AFRICAN APPROACH

1. AT WORKING LUNCH HOSTED BY SOUTH AFRICAN DELEGATION (THERON, PIENAAR AND FORD), ONE OF A SERIES WHICH SOUTH AFRICA APPEARS TO BE CONDUCTING WITH ITS LARGER TRADING PARTNERS, MCNAMARA AND NEWKIRK OF U.S. MTN DELEGATION WERE TREATED TO STANDARD SOUTH AFRICAN LINE ON ITS CONCEPT OF RECIPROCITY IN THE MTN. SOUTH AFRICANS SAID THAT S.A. PER CAPITA GNP WAS FAR BELOW THAT OF MANY RECOGNIZED DEVELOPING COUNTRIES, IT HAD BEEN FAR TOO GENEROUS IN PREVIOUS NEGOTIATIONS IN REDUCING AND BINDING SIGNIFICANT PORTION OF ITS TARIFFS, IT MUST RETAIN ITS TARIFF FREEDOM FOR ECONOMIC DEVELOPMENT PURPOSES, IT DID NOT EXPECT BENEFITS IN THE MTN FOR ITS MAJOR EXPORTS AND THEREFORE SHOULD NOT BE EXPECTED TO BE A MAJOR CONTRIBUTOR, IT DID NOT HAVE THE ABILITY OR POWER TO NEGOTIATE VOLUNTARY RESTRAINT ARRANGEMENTS WITH OTHER COUNTRIES SUCH AS THE U.S.

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DOES WITH JAPAN AND THEREFORE MUST MAINTAIN ITS

(GATT-ILLEGAL) QUANTITATIVE IMPORT RESTRICTIONS TO PROTECT ITS MARKET AGAINST DISRUPTION AND PROVIDE ITS INFANT INDUSTRIES BREATHING SPACE, IT IS LOCKED OUT OF ITS NATURAL EXPORT MARKET IN BLACK AFRICA FOR POLITICAL REASONS, AND THE RIGIDITY OF GATT PROVISIONS REQUIRING COMPENSATION FOR WITHDRAWAL OF CONCESSIONS HAS FORCED IT INTO A SERIES OF FIVE YEAR LONG ARTICLE XXVIII:5 NEGOTIATIONS. SOUTH AFRICANS ALSO REPEATED THEIR COMPLAINT ABOUT U.S. POLICY IN ART. XXVIII NEGOTIATIONS, PARTICULARLY OUR VIEW THAT TRADE LOSS EXPECTED FROM WITHDRAWALS OF S.A. CONCESSIONS MUST BE REPLACED WITH TRADE-CREATING COMPENSATORY TARIFF REDUCTIONS ON ITEMS OF INTEREST TO US. ALL THIS WAS PRELUDE TO EXPECTED STATEMENT BY SOUTH AFRICANS THAT THEIR COUNTRY COULD NOT AGREE TO APPLY A GENERAL TARIFF REDUCTION FORMULA TO THEIR TARIFFS AND IT INSTEAD APPROACHES THE NEGOTIATIONS ON AN ITEM BY ITEM BASIS.

2. WE MADE IT CLEAR TO SOUTH AFRICANS THAT U.S. DID NOT AGREE WITH S.A. ASSERTIONS AND EXPRESSED PERSONAL OPINION THAT IT WAS FAR TOO EARLY FOR SOUTH AFRICA TO TAKE DEFINITIVE POSITION ON WHETHER OR NOT IT WILL BE A FORMULA COUNTRY SINCE THE CRITICAL QUESTIONS SUCH AS DEPTH OF CUT AND DEGREE OF LIMITATIONS OR EXCEPTIONS WOULD NOT BE KNOWN FOR SOME TIME TO COME. WE NOTED THAT IT'S A MATTER OF FAITH TO THE CANADIANS THAT THEY COULD EASILY HAVE BEEN A LINEAR (FORMULA) COUNTRY IN THE KR HAD THEY KNOWN AT THE TIME OF AGREEMENT ON THE FORMULA THAT EXCEPTIONS WERE GOING TO BE EXTENSIVE.

3. THE SOUTH AFRICAN APPROACH IS MOSTLY OLD HAT BUT IS NEVERTHELESS SIGNIFICANT THAT SOUTH AFRICANS ARE CONVEYING THESE VIEWS NOW TO A NUMBER OF DELEGATIONS. IT IS POSSIBLE, JUDGING FROM SEVERAL SOUTH AFRICAN ALLUSIONS TO U.S.-S.A. EFFORTS TO COMBAT COMMUNISM IN ANGOLA, THAT SOUTH AFRICANS HAD HOPED FOR A MORE RECEPTIVE RESPONSE FROM THE

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U.S. THAN IT HAS RECEIVED IN THE PAST TO ITS VIEWS.
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